

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF BIG RIVERS ELECTRIC)	
CORPORATION OF A PROPOSED CONTRACT)	
WITH HENDERSON-UNION RECC TO)	CASE NO. 10424
IMPLEMENT AN INDUSTRIAL INCENTIVE)	
RATE)	

O R D E R

On February 10, 1989, the Commission entered an Order dismissing without prejudice a service agreement proposed by Big Rivers Electric Corporation ("Big Rivers") to provide an industrial incentive rate to Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union"). The Commission found that the service agreement failed to satisfy the economic development rate guidelines established in its July 1, 1988 Order in Case No. 10064.¹ Specifically, the Commission found that Big Rivers' service agreement failed to satisfy Requirement No. 4, which requires all utilities to file a tariff stating the terms and conditions of its economic development rate. The Commission gave Big Rivers the opportunity to either modify its service agreement in accordance with the guidelines in Case No. 10064 or file a new service agreement at the conclusion of Administrative

¹ Case No. 10064, Adjustment of Gas and Electric Rates of Louisville Gas and Electric Company.

Case No. 327², which was established to review the Commission's policy on economic development rates. Big Rivers subsequently notified the Commission of its intention to modify its service agreement with Henderson-Union in accordance with the Commission's guidelines.

On March 24, 1989, Big Rivers filed an Economic Development Rate ("EDR") Tariff and a letter agreement with Henderson-Union, dated March 15, 1989, modifying its service agreement with Henderson-Union dated September 27, 1988. The Commission, having reviewed Big Rivers' filing and being advised, is of the opinion and finds that Big Rivers' EDR Tariff and the modified letter agreement with Henderson-Union, when considered jointly, comply with the Commission's economic development rate requirements established in Case No. 10064 and, therefore, should be approved.

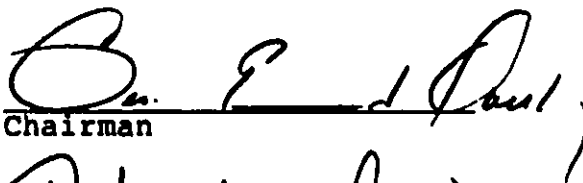
IT IS THEREFORE ORDERED that:

1. Big Rivers' EDR Tariff be and hereby is approved.
2. Big Rivers' service agreement with Henderson-Union, dated September 27, 1988, as modified by letter agreement dated March 15, 1989 be and hereby is approved.
3. Big Rivers shall file with the Commission signed copies of the EDR Tariff and service agreement within 20 days from the date of this Order.

² Administrative Case No. 327, An Investigation Into the Implementation of Economic Development Rates By Electric and Gas Utilities.

Done at Frankfort, Kentucky, this 3rd day of May, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director